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RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 4719  
RUEHJI/AMCONSUL JEDDAH PRIORITY 9813  
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L RIYADH 001607

SIPDIS

E.O. 12958: DECL: 10/26/2018

TAGS: [EFIN](#) [ECON](#) [PREL](#) [SA](#)

SUBJECT: DEPUTY SECRETARY KIMMITT MEETS WITH KING ABDULLAH

Classified By: The CDA for reasons 1.4 (b) and (d)

¶1. (C) Summary. Deputy Secretary Kimmitt and Ambassador Fraker met with King Abdullah to discuss the upcoming G-20 summit, the global financial situation, and the impact on other countries, particularly Pakistan. Deputy Secretary Kimmitt also stressed that the United States is planning for a smooth transition on financial issues as a new administration takes over in January. End Summary.

¶2. (C) The King asked several questions about the goals of the G-20 summit, in particular, whether the summit would lead to a change in the design of the international financial system. (Note: The King appeared skeptical that the summit would result in tangible steps forward to address the financial crisis. End note.) Deputy Secretary Kimmitt noted that the meeting would allow each country to describe its views on the crisis and actions taken so far, establish principles for future actions, and lay out specific action plans. Part of the discussion could include whether the global financial architecture would need to be modified, although that topic would likely be pursued in subsequent meetings.

¶3. (C) The King suggested that if we know the reasons behind the financial crisis, then we should know the solution. He stated that the crisis is a disaster, and catastrophe., The King proposed that those at fault should be put on trial. The King stressed that the government should not be lenient with people who have been fraudulent or negligent. In the end, however, he expressed confidence that the U.S. is capable of overcoming the financial crisis. Deputy Secretary Kimmitt described the various bold steps that the U.S. has taken to address problems in the U.S. financial system and the housing market. He expressed confidence in the long-term fundamentals of the U.S. economy. Kimmitt also noted that firms taking financial support from the government will also face certain requirements, such as on executive compensation.

¶4. (C) Deputy Secretary Kimmitt noted that while we are taking steps to address the crisis in the U.S. and other major economies, it is also affecting many other countries around the world, particularly in emerging markets. He noted that Pakistan appears close to agreeing to a program with the IMF, which could then be supported by Pakistan's friends, including the U.S., Saudi Arabia, China and Europe. The King said that he has no inside information on Pakistan, as many people are now playing important roles there, some of them uncontrolled by anyone., The King stressed that support from the IMF and World Bank must come first. If Pakistan does not implement reforms, then it will impossible to help the country. The King said that everyone wants to aid Pakistan, but we need to be sure that the support will be effective.

FRAKER